

COMMITTEE ON LEGISLATIVE RESEARCH  
OVERSIGHT DIVISION

**FISCAL NOTE**

L.R. No.: 4223-01  
Bill No.: SB 514  
Subject: Employees- Employers; Labor and Management  
Type: Original  
Date: January 12, 2012

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Bill Summary: This proposal bars employers from requiring employees to engage in or cease engaging in certain labor practices.

**FISCAL SUMMARY**

<b>ESTIMATED NET EFFECT ON GENERAL REVENUE FUND</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
General Revenue	\$0 or (More than \$7,000,000)	\$0	\$0
<b>Total Estimated Net Effect on General Revenue Fund</b>	<b>\$0 or (More than \$7,000,000)</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON OTHER STATE FUNDS</b>			
FUND AFFECTED	FY 2013	FY 2014	FY 2015
<b>Total Estimated Net Effect on <u>Other</u> State Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Numbers within parentheses: ( ) indicate costs or losses.  
This fiscal note contains 8 pages.

<b>ESTIMATED NET EFFECT ON FEDERAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on <u>All</u> Federal Funds</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Total Estimated Net Effect on FTE</b>	<b>0</b>	<b>0</b>	<b>0</b>

☒ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

<b>ESTIMATED NET EFFECT ON LOCAL FUNDS</b>			
<b>FUND AFFECTED</b>	<b>FY 2013</b>	<b>FY 2014</b>	<b>FY 2015</b>
<b>Local Government</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

## FISCAL ANALYSIS

### ASSUMPTION

Officials at the **Office of Administration** assume they are responsible for maintaining the State's nine labor contracts which cover eleven bargaining units, as well as assisting agencies with union contract negotiations, union-related activities, and other union-related inquiries. This includes ensuring agencies comply with applicable statutes while assisting in these responsibilities.

Section 290.590.2 of the proposed legislation would prohibit all state agencies and political subdivisions that currently have or could have employees covered under a labor organization as defined by the legislation from requiring their employees to pay any dues, fees, assessments, or other similar charges however denominated of any kind or amount as a condition or continuation of employment. The Office of Administration would have to ensure this provision is complied with during all future negotiations. Section 290.590.7(5) would exempt any such agreement entered into before the effective date of this legislation.

Section 33.103, RSMo allows for the Commissioner of Administration to deduct from employee paychecks qualified state tuition contributions, payments to the State owed by an employee, charitable campaign contributions, cafeteria plan, etc. The Office of Administration may be considered a "labor organization" as defined in this legislation. Therefore, Section 290.590.2(2) may prohibit such deductions.

Officials at the **Office of Attorney General (AGO)** assume this proposal gives AGO non-discretionary concurrent jurisdiction to prosecuting attorneys and the AGO to investigate complaints of violations, including class C misdemeanors and civil damages, and to use "all means at their command" to ensure effective enforcement. The number of any violations would be unknown. Therefore costs to AGO are unknown but could exceed \$100,000. If significant cases result from the proposal, AGO may seek an additional future appropriation to effectively enforce it.

Officials at the **Office of Prosecution Services (OPS)** assume no measurable impact to OPS. The creation of a new crime creates additional responsibilities for county prosecutors which may in turn result in additional costs which are difficult to determine.

Officials at the **City of Kansas City, Department of Agriculture, Department of Conservation, Department of Corrections, Department of Economic Development, Department of Higher Education, Department of Health and Senior Services, Department of Insurance, Financial Institutions and Professional Registration, Department of Labor**

ASSUMPTION (continued)

**and Industrial Relations, Department of Mental Health, Department of Natural Resources, Department of Revenue, Department of Social Services, Lawrence County, Lincoln University, Linn State Technical College, Metropolitan Community College, Missouri Department of Transportation, Missouri Southern State University, Missouri State University, Missouri Veterans Commission, Missouri Western State University, Office of the State Auditor, Office of State Courts Administrator, Office of the State Public Defender, Office of State Treasurer, Parkway School District, St. Louis County, University of Central Missouri and the University of Missouri** assume that there is no fiscal impact from this proposal.

Officials at the **Department of Elementary and Secondary Education** assume there is no state cost to the foundation formula associated with this proposal. Should the new crimes and amendments to current law result in additional fines or penalties, DESE cannot know how much additional money might be collected by local governments or the DOR to distribute to schools. To the extent fine revenues exceed 2004-2005 collections, any increase in this money distributed to schools increases the deduction in the foundation formula the following year. Therefore the affected districts will see an equal decrease in the amount of funding received through the formula the following year; unless the affected districts are hold-harmless, in which case the districts will not see a decrease in the amount of funding received through the formula (any increase in fine money distributed to the hold-harmless districts will simply be additional money). An increase in the deduction (all other factors remaining constant) reduces the cost to the state of funding the formula.

Officials at the **Office of the Secretary of State (SOS)** assume that Article III section 52(b) of the Missouri Constitution authorizes the general assembly to order a special election for measures referred to the people. Section 115.063.2 RSMo requires the state to pay the costs. This proposal calls for a special election rather than being voted on at a general election. The cost of the special election has been estimated to be \$7 million based on the cost of the previous Presidential Primary and a cost determined by Legislative Oversight.

The Secretary of State's office is required to pay for publishing in local newspapers the full text of each statewide ballot measure as directed by Article XII, Section 2(b) of the Missouri Constitution and Section 116.230-116.290, RSMo. The Secretary of State's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. Funding for this item is adjusted each year depending upon the election cycle with \$1.3 million historically appropriated in odd numbered fiscal years and \$100,000 appropriated in even numbered fiscal years to meet these requirements. The appropriation has

ASSUMPTION (continued)

historically been an estimated appropriation because the final cost is dependent upon the number of ballot measures approved by the General Assembly and the initiative petitions certified for the ballot. In FY 2011, at the August and November elections, there were 6 statewide Constitutional Amendments or ballot propositions that cost \$1.02 million to publish (an average of \$170,000 per issue). Therefore, the Secretary of State's office assumes, for the purposes of this fiscal note, that it should have the full appropriation authority it needs to meet the publishing requirements. However, because these requirements are mandatory, we reserve the right to request funding to meet the cost of our publishing requirements if the Governor and the General Assembly change the amount or eliminate the estimated nature of our appropriation.

**Oversight** has reflected in this fiscal note, the state potentially reimbursing local political subdivisions the cost of having this issue voted on during a special election in fiscal year 2013. This reflects the decision made by the Joint Committee on Legislative Research, that the cost of the elections should be shown in the fiscal note. The next scheduled general election is in November 2012 (FY 2013). It is assumed the subject within this proposal could be on that ballot; however, the proposal states it shall be in August 2013. Therefore, Oversight will reflect a potential election cost reimbursement to local political subdivisions in FY 2013.

To estimate the expense the state would incur for reimbursing local political subdivisions for a special election, Oversight requested expense estimates from all election authorities for an election. Eighty-six out of the one hundred fifteen election authorities responded to Oversight's request. From these respondents; the total election expense that would have to be reimbursed by the state government is over \$7 million. Therefore, **Oversight** will reflect a potential cost borne by the state in FY 2013 of over \$7 million for reimbursement to the local political subdivisions.

<u>FISCAL IMPACT - State Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
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**GENERAL REVENUE**

<u>Expense</u> - reimbursement of local political subdivisions for special election costs	\$0 or (More than <u>\$7,000,000</u> )	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO THE GENERAL REVENUE FUND</b>	<b>\$0 or (More than <u>\$7,000,000</u>)</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

<u>FISCAL IMPACT - Local Government</u>	FY 2013 (10 Mo.)	FY 2014	FY 2015
<b>LOCAL POLITICAL SUBDIVISIONS</b>			
<u>Income</u> - cost reimbursement from the State for special election	\$0 or More than \$7,000,000	\$0	\$0
<u>Expense</u> - cost for special election	\$0 or (More than \$7,000,000)	<u>\$0</u>	<u>\$0</u>
<b>ESTIMATED NET EFFECT TO LOCAL POLITICAL SUBDIVISIONS</b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

Upon voter approval, employers are barred from requiring employees to become or refrain from becoming a member of a labor organization or pay dues or other charges required of labor organization members as a condition of employment.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

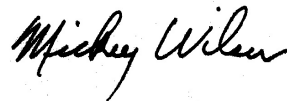
SOURCES OF INFORMATION

City of Kansas City  
Department of Agriculture  
Department of Conservation  
Department of Corrections  
Department of Economic Development  
Department of Elementary and Secondary Education  
Department of Health and Senior Services

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SOURCES OF INFORMATION (continued)

Department of Higher Education  
Department of Insurance, Financial Institutions and Professional Registration  
Department of Labor and Industrial Relations  
Department of Mental Health  
Department of Natural Resources  
Department of Revenue  
Department of Social Services  
Lawrence County  
Lincoln University  
Linn State Technical College  
Metropolitan Community College  
Missouri Department of Transportation  
Missouri Southern State University  
Missouri State University  
Missouri Veterans Commission  
Missouri Western State University  
Office of Administration  
Office of Attorney General  
Office of Prosecution Services  
Office of the Secretary of State  
Office of the State Auditor  
Office of State Courts Administrator  
Office of the State Public Defender  
Office of State Treasurer  
Parkway School District  
St. Louis County  
University of Central Missouri  
University of Missouri



Mickey Wilson, CPA  
Director

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